



From the office of **State Controller Kathy Augustine**

PRESS RELEASE

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\$3 MILLION PAID TO NEVADA THROUGH STATE CONTROLLER'S DEBT COLLECTION PROGRAM

Carson City, NV. April 26, 2004. State Controller Kathy Augustine announced today that her office has collected over \$3 million in overdue debt owed to the State of Nevada through her aggressive debt collection program.

The State Controller's Office is authorized to act as the centralized point of collection for the state, however it can only collect debt voluntarily referred by a state agency. Of the estimated \$159 million in outstanding debt to the state, \$17.7 million has been turned over for collection. The Controller's Office debt collection program is averaging a collection rate of over 20 percent.

Currently, nineteen state agencies, boards and commissions have contracted with the State Controller's Office for debt collection services. There is no fee or cost to the agencies for these services.

"My office is committed to maximizing revenues, minimizing costs and serving state agencies through the use of innovative debt collection tools," said Controller Kathy Augustine. "We utilize several methods of collecting including our vendor hold/debt-offset program, in-house collection and outsourcing of debt."

The debt-offset program identifies debtors who bill the state for goods, or services. When a vendor owes the state, a hold status is placed on the vendor so any payment voucher processed is rejected by the system. The amount of the intercepted payment is then transferred to the agency who is owed.

The State Controller's Office recently renewed a contract with the private debt collection firm OSI Collection Services, Inc. A second contract with Crisis Recovery is set to expire in July.

"Outsourcing debt collection is one of the most cost effective ways to collect debt as the majority of the cost to collect is passed onto the debtor," said Augustine.

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During the past legislative session the Controller's Office added another tool to aid the debt collection program. A uniform statewide returned check fee of \$25 for non-sufficient funds checks written to the state was put into effect. Previously, not all state agencies were charging a non-sufficient funds fee to those who remitted a bad check. Apart from being a standard business practice, it aids the state in recovering some of the costs associated with processing bad checks, and strengthens the debt collection program by allowing the state to submit for collection some checks that would have otherwise been too small to collect. The new fee went into effect January 1, 2004, and is estimated to generate over \$80,000 in additional revenue over the biennium.

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